

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Western Mason County Fire District Authority	County Mason
Audit Date 12/31/05	Opinion Date 4/5/06	Date Accountant Report Submitted to State: 5/22/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Douglas Wohlberg, CPA			
Street Address PO Box 1013	City Byron Center	State MI	ZIP 49315
Accountant Signature 		Date 5/22/06	

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2005

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

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December 31, 2005

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INDEPENDENT AUDITOR'S REPORT

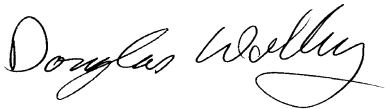
To the Authority Board
Western Mason County Fire District Authority, Inc.
Mason County, Michigan

We have audited the accompanying financial statements of the governmental activities, and the major fund of Western Mason County Fire District Authority, Inc. as of and for the year ended December 31, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Western Mason County Fire District Authority, Inc. management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Western Mason County Fire District Authority, Inc. as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Byron Center, Michigan
April 5, 2006

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2005

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide financial statements.

The Authority as a Whole

The Authority's combined net assets increased 10% from a year ago, increasing from \$711,912 to \$782,628. This results from reductions in long-term debt.

In a condensed format, the table below shows a comparison of the net assets as of December 31, 2005 to the prior year:

	<u>Governmental Activities</u>	
	2005	2004
Current assets	\$ 313,266	\$ 304,326
Noncurrent assets	1,158,273	1,256,947
Total assets	1,471,539	1,561,273
Long-term debt outstanding	673,987	831,145
Other liabilities	14,924	18,216
Total liabilities	688,911	849,361
Net assets		
Invested in capital assets - net of debt	484,286	425,802
Unrestricted	298,342	286,110
Total net assets	\$ 782,628	\$ 711,912

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by \$12,232. This is an increase in of approximately 4%. The current level of unrestricted net assets for our governmental activities stands at \$298,342, or about 159% of expenses. This is within the targeted range set by the Authority Board during its last budget process.

The following table shows the changes of the net assets as of December 31, 2005 to the prior year:

	2005	2004
<u>Program revenues</u>		
Charges for services	\$ 39,716	\$ 36,420
<u>General Revenue</u>		
Property tax	215,029	220,508
Unrestricted investment earnings	3,372	2,403
Gain on sale of asset		3,069
Total Revenue	258,117	262,400
<u>Program expenses</u>		
Public Safety	187,401	185,138
Change in net assets	\$ 70,716	\$ 77,262

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2005

The Authority's net assets continue to remain healthy. As the Authority's revenue is derived primarily from property taxes and charges for services, which are not affected by reductions by the State, revenue is expected to continue to increase and maintain a healthy fund balance.

Governmental Activities

Expenditures increased by \$2,263 from the previous year. This resulted from higher truck maintenance expense than in the prior year.

The Authority's Funds

Our analysis of the Authority's major fund begins on page 10, following the entity wide financial statements. The Authority Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Authority's major fund for 2005 was the General Fund.

Capital Asset and Debt Administration

At the end of 2005, the Authority had \$1,158,273, net of accumulated depreciation, invested in fire trucks. No additions were made to capital assets or long-term debt.

Economic Factors and Next Year's Budgets and Rates

The Authority's budget for 2006 remains little changed from 2005 because the Authority expects to primarily repay long-term debt and make no additions to its capital assets.

Contacting the Authority's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Authority's Secretary/Treasurer at the Pere Marquette Township hall, 1699 S. Pere Marquette Highway, Ludington, Michigan, 49431. The Authority's phone number is (231) 845-1277.

GOVERNMENT WIDE FINANCIAL STATEMENTS

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Statement of Net Assets

For the year ended December 31, 2005

	Governmental activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 95,785
Receivables (net)	216,055
Prepaid items	1,426
Capital assets	1,158,273
TOTAL ASSETS	\$ 1,471,539
<u>LIABILITIES</u>	
Accrued and other liabilities	\$ 14,924
Due within one year	164,475
Due in more than one year	509,512
TOTAL LIABILITIES	688,911
<u>NET ASSETS</u>	
Invested in capital assets	484,286
Unrestricted	298,342
TOTAL NET ASSETS	782,628
TOTAL LIABILITIES AND NET ASSETS	\$ 1,471,539

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Statement of Activities

For the year ended December 31, 2005

Functions/Programs	Expenses	Charges for services	Governmental activities
<u>Primary government</u>			
Public safety	\$ 187,401	\$ 39,716	\$ (147,685)
<u>General Revenues</u>			
Property taxes			215,029
Unrestricted investment income			3,372
Total general revenues - special items and transfers			218,401
Change in net assets			70,716
Net assets at beginning of year			711,912
Net assets at end of year			\$ 782,628

The Notes to the Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Governmental Fund Balance Sheet

December 31, 2005

ASSETS

Cash and cash equivalents	\$	95,785
Prepaid items		1,426
Receivables		216,055
TOTAL ASSETS	\$	313,266

FUND BALANCES

Restricted	\$	168,172
Unreserved, unrestricted		145,094
TOTAL FUND BALANCES	\$	313,266

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended December 31, 2005

Total fund balances - total governmental funds	\$	313,266
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost	1,959,912
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Accumulated depreciation	(801,639)
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Net capital assets	1,158,273
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2005 were:

Bonds payable	(673,987)
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Accrued interest on bonds	(14,924)
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Net assets of governmental activities	\$	782,628
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The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance

For the year ended December 31, 2005

REVENUE		
Property taxes	\$	215,029
Charges for services		39,716
Investment earnings		3,372
TOTAL REVENUE		258,117
EXPENDITURES		
Public safety		53,648
Debt service		
Interest		37,772
Principal		157,158
Capital outlay		600
TOTAL EXPENDITURES		249,178
NET CHANGE IN FUND BALANCE		8,939
FUND BALANCE, BEGINNING OF YEAR		304,327
FUND BALANCE, END OF YEAR	\$	313,266

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended December 31, 2005

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Net change in fund balances - total governmental funds	\$ 8,939
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	157,158
Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Depreciation	(98,674)
Reduction in accrued interest	3,293
Change in net assets of government activities	<hr/> \$ 70,716 <hr/>

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

General Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2005 with comparative actual amounts for 2004

	Original and final budget	Actual	Variance with final budget	Prior year
REVENUE				
Property taxes	\$ 216,400	\$ 215,029	\$ (1,371)	\$ 220,508
Charges for services	37,000	39,716	2,716	36,420
Investment earnings	1,900	3,372	1,472	2,403
TOTAL REVENUE	255,300	258,117	2,817	259,331
EXPENDITURES				
Public safety	50,050	53,648	(3,598)	34,826
Debt Service				
Interest	49,349	37,772	11,577	45,674
Principal	153,230	157,158	(3,928)	165,975
Capital outlay	20,000	600	19,400	950
TOTAL EXPENDITURES	272,629	249,178	23,451	247,425
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,329)	8,939	26,268	11,906
OTHER FINANCING SOURCES (USES)				
Gain on sale of assets	-	-	-	3,069
NET CHANGE IN FUND BALANCES	(17,329)	8,939	26,268	14,975
Fund balance at beginning of year	304,327	304,327	-	289,352
Fund balance at end of year	\$ 286,998	\$ 313,266	\$ 26,268	\$ 304,327

The Notes to the Financial Statements are an integral part of this statement.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Western Mason County Fire District Authority, Inc. conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Western Mason County Fire District Authority, Inc.

A. Reporting Entity

Western Mason County Fire District Authority, Inc. is governed by a six-member Board composed of the Supervisor or City Manager and the Fire Chief of each participating municipality. The accompanying financial statements present the activities of the Authority. There are no component units to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

The Authority has only one fund, the General Fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2005

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Authority reports the following major governmental fund:

The General Fund accounts for principal and interest payments on long-term debt and for payments for certain general operating items.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Capital Assets--Capital assets, which include fire trucks, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Fire trucks are depreciated using the straight-line method over the following useful lives:

Fire trucks	7 to 20 years
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Long-Term Obligations--In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. The face amount of debt issued is reported as other financing sources.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented for the General Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of this fund.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2005

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Authority normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before September 1, the Authority Secretary/Treasurer submits to the board a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Ludington City Hall to obtain taxpayer comments.

On or before November 1, the budget is adopted by resolution.

The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the Authority board.

Budgeted amounts are presented as originally adopted, or as amended by the Authority board before December 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the general and debt service funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Authority Board throughout the operating year.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Authority Board.

The legal level of control is at the fund expenditure totals for the General Fund.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the Board is the fund level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2005

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Western Mason County Fire District Authority, Inc. to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Western Mason County Fire District Authority, Inc. Board has designated two banks for the deposit of Authority funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Western Mason County Fire District Authority, Inc.'s deposits and investment policy are in accordance with statutory authority.

At year-end, the Authority's deposits and investments were reported in the basic financial statements in the following categories:

		Governmental activities
Cash and cash equivalents	\$	95,785

The bank balance of the primary government's deposits is \$99,284, all of which is covered by federal depository insurance.

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance January 1, 2005	Additions	Disposals	Balance December 31, 2005
Capital assets being depreciated:	\$	\$	\$	\$
Fire trucks	1,959,912			1,959,912
Accumulated depreciation:				
Fire trucks	702,965	98,674		801,639
Net capital assets being depreciated	1,256,947	(98,674)		1,158,273
Net capital assets	\$ 1,256,947	\$ (98,674)	\$	\$ 1,158,273

Depreciation expense was charged to programs of the Authority as follows:

Governmental activities:

Public Safety	\$	98,674
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Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2005

NOTE 5 - TAX LEVY AND RESERVED FUND BALANCES

On August 6, 1996 the voters of the City of Ludington and the Townships of Hamlin and Pere Marquette approved a tax levy of .3 mills for the Western Mason County Fire District Authority for a period of 20 years (1996 through 2015 inclusive). The purpose of the levy is for purchasing, maintaining, upgrading, or equipping fire trucks to be used in accordance with the Articles of Incorporation of the Authority and for the purchase of insurance.

This .3 mill levy resulted in \$215,029 of tax revenues recognized in 2005.

In accordance with Article X of the by-laws and the approved tax millage, all tax collections received by the Western Mason County Fire District Authority shall be budgeted for fire vehicle replacement, insurance, or major vehicle repair. Transactions in the restricted tax millage account for the year ended December 31, 2005 are summarized as follows:

	Restricted tax millage
<u>REVENUE</u>	
Property taxes	\$ 215,029
Interest earned	3,372
Total Revenue	218,401
<u>EXPENDITURES</u>	
Insurance	17,098
Truck maintenance	27,280
Debt service	
Principal	157,148
Interest	37,782
Total expenditures	239,308
Excess of revenue over (under) expenditures	(20,907)
Beginning restricted fund balance	(147,265)
Ending restricted fund balance	\$ (168,172)

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Notes to Financial Statements

For the year ended December 31, 2005

NOTE 6 - LONG-TERM DEBT

The Authority enters into installment contracts to provide for the acquisition fire trucks and similar equipment.

Total interest incurred for the Authority for the year approximated \$37,772.

Summarized long-term debt obligation activity follows:

	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Due within one year
Installment Contracts	\$ 831,145	\$	\$ 157,158	\$ 673,987	\$ 164,475

Annual debt service requirements to maturity for the above obligations are as follows:

Year ended December 31,	Principal	Interest	Total
2006	\$ 164,475	\$ 30,453	\$ 194,928
2007	191,118	22,780	213,898
2008	85,450	13,941	99,391
2009	89,467	9,925	99,392
2010	39,665	5,725	45,390
2011	39,198	3,953	43,151
2012	21,987	2,218	24,205
2013	10,297	1,370	11,667
2014	10,628	1,039	11,667
2015	10,970	698	11,668
2016	10,732	192	10,924
Totals	\$ 673,987	\$ 92,294	\$ 766,281

Long-Term Debt Schedules

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$191,323 Installment Contract Payable: Fire Truck - Pere Marquette - Marion

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	3.17%	\$ 8,252	\$ 3,415	\$ 11,667
2007	3.17%	8,517	3,149	11,666
2008	3.17%	8,783	2,884	11,667
2009	3.17%	9,074	2,594	11,668
2010	3.17%	9,365	2,302	11,667
2011	3.17%	9,666	2,001	11,667
2012	3.17%	9,972	1,695	11,667
2013	3.17%	10,297	1,370	11,667
2014	3.17%	10,628	1,039	11,667
2015	3.17%	10,970	698	11,668
2016	3.17%	10,732	192	10,924
Totals		\$ 106,256	\$ 21,339	\$ 127,595

In 2007, the bank will adjust the interest rate on this contract.

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$416,173 Installment Contract Payable: 2 Fire Trucks - Ludington - E1 No. 1 and E1 No. 2

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	4.56%	\$ 47,902	\$ 4,849	\$ 52,751
2007	4.56%	56,973	2,634	59,607
Totals		\$ 104,875	\$ 7,483	\$ 112,358

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$420,000 Installment Contract Payable: Fire Truck - Pere Marquette - Aerial

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	4.85%	\$ 44,682	\$ 9,319	\$ 54,001
2007	4.85%	46,849	7,152	54,001
2008	4.85%	49,108	4,893	54,001
2009	4.85%	51,504	2,497	54,001
Totals		\$ 192,143	\$ 23,861	\$ 216,004

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$150,000 Installment Contract Payable: Fire Truck - Pere Marquette - E1 Pumper

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	4.65%	\$ 19,555	\$ 2,309	\$ 21,864
2007	4.65%	30,099	1,361	31,460
Totals		\$ 49,654	\$ 3,670	\$ 53,324

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$100,000 Installment Contract Payable: Fire Truck - Hamlin - Tanker

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	4.39%	\$ 9,312	\$ 3,232	\$ 12,544
2007	4.39%	9,718	2,827	12,545
2008	4.39%	10,140	2,405	12,545
2009	4.39%	10,581	1,964	12,545
2010	4.39%	11,041	1,504	12,545
2011	4.39%	11,521	1,024	12,545
2012	4.39%	12,015	523	12,538
Totals		\$ 74,328	\$ 13,479	\$ 87,807

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$162,280 Installment Contract Payable: Fire Truck - Ludington - Fire and Rescue

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	5.15%	\$ 15,754	\$ 5,424	\$ 21,178
2007	5.15%	16,566	4,612	21,178
2008	5.15%	17,419	3,759	21,178
2009	5.15%	18,308	2,870	21,178
2010	5.15%	19,259	1,919	21,178
2011	5.15%	18,011	928	18,939
Totals		\$ 105,317	\$ 19,512	\$ 124,829

Western Mason County Fire District Authority, Inc.

Mason County, Michigan

Schedule of Long-Term Debt

\$164,150 Installment Contract Payable: Fire Truck - Hamlin - Pumper

December 31, 2005

Year ended December 31,	Interest Rate	Principal	Interest	Total
2006	4.56%	\$ 19,018	\$ 1,905	\$ 20,923
2007	4.56%	22,396	1,045	23,441
Totals		\$ 41,414	\$ 2,950	\$ 44,364

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board
Western Mason County Fire District Authority, Inc.
Mason County, Michigan

We have audited the general purpose financial statements of Western Mason County Fire District Authority, Inc., Mason County, Michigan for the year ended December 31, 2005, and have issued our report thereon dated April 5, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated March 21, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Western Mason County Fire District Authority, Inc.. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Western Mason County Fire District Authority, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Western Mason County Fire District Authority, Inc. are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2005. We noted no transactions entered into by Western Mason County Fire District Authority, Inc. during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Authority Board and management of Western Mason County Fire District Authority, Inc. and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
April 5, 2006

MANAGEMENT COMMENTS LETTER

To the Board
Western Mason County Fire District Authority, Inc.
Mason County, Michigan

In planning and performing our audit of the financial statements of Western Mason County Fire District Authority, Inc. for the year ended December 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

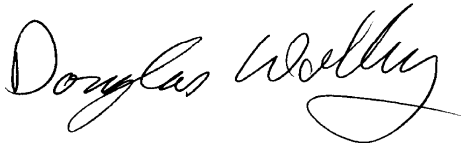
Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Western Mason County Fire District Authority, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no material weaknesses.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board, management, and others within the administration or the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the December 31, 2005 financial statements, and this report does not affect our report on those financial statements dated April 5, 2006. We have not considered the internal control since the date of our report.



Douglas Wohlberg, CPA
Byron Center, Michigan
April 5, 2006

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board
Western Mason County Fire District Authority, Inc.
Mason County, Michigan

We have audited the general purpose financial statements of Western Mason County Fire District Authority, Inc., Mason County, Michigan as of and for the year ended December 31, 2005, and have issued our report thereon dated April 5, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

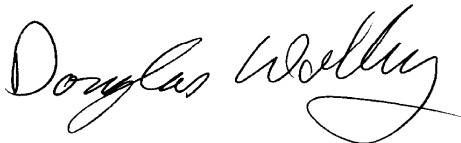
Compliance

As part of obtaining reasonable assurance about whether Western Mason County Fire District Authority, Inc.'s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Western Mason County Fire District Authority, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
April 5, 2006